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**Death to  
the Monolith:**

# Rise of Brands as Ecosystems

2017 Q1 TRENDS REPORT



## OVERVIEW

Today, the word “brand” has as much confusion around it as the word “content” — both refer to important tenets of a company’s public existence, and both are rapidly evolving. Today a company’s “brand” describes its aesthetic as well as its messaging platform, and how those two are brought to life across digital and physical spaces.

This report examines the increasingly fluid boundaries of a company’s brand: specifically, how the preponderance of audience research, emergence of social media influencers and the evolution of digital conversations have pushed brands to extend their boundaries in order to stay competitive. We also analyze how all three combine to create the alpha and omega of consumer marketing #goals: a lifestyle brand.

Ultimately, consumers want brands to create avenues for them to live their ideal lives. For a consumer, this consists of a dynamic brand ecosystem: a combination of content from distinct industry verticals that, when viewed collectively, illustrates the lifestyle a brand hopes to help consumers achieve.

But as in all things worth doing, a healthy brand ecosystem is not created overnight, and we’ll explore the three crucial steps required for a consumer product brand to build an ecosystem and ascend to the gold-standard status of “lifestyle brand.”

Let’s begin by looking at what led to the need for lifestyle brands: the shift in consumer behavior and attitudes.

## BRANDS ARE EVOLVING BECAUSE CONSUMER MINDSET IS SHIFTING

### Millennials vs Gen Z

There remains confusion about the boundaries of the millennial cohort: most experts agree that they’re considered as anyone born between 1980 and 1995. It’s worth noting that this is the broadest range of birth years of any of the generations, and that sub-cohorts exist within the millennial definition.

For instance, the oldest millennials today are 35 years old — and while they are not marrying and purchasing property at the rates of previous generations, they’re well into their prime purchasing years.

It’s critical that marketers begin to separate the millennial generation (and their behaviors and traits), and make way for the new youngest generation: Gen Z. [According to marketing firm and trend forecasters Sparks and Honey, Gen Z makes up 25.9% of the population, and contributes \\$44 billion to the economy each year.](#) Generally defined as anyone born after 1995, the first crop of Gen Z-



ers are already 22 years old — well within the range of having influence from a consumer standpoint, and just beginning to enter the workforce.



### Brands that conflate the two generations are missing opportunities

[Fascinatingly, experts say that Gen Z most closely emulates the Baby Boomer generation.](#) Growing up in the height of the recession, Gen Z is much more realistic than idealistic — and its members align most with brands that speak to them on a pragmatic level. Gen Z-ers have lower earning power expectations than did the Millennials upon entering the workforce, and are more responsive to calls for personal responsibility.

[As noted by agency and forecasting firm Sparks and Honey,](#) The Gen Z cohort is motivated by:

- The economy
- Personal responsibility
- Success
- Individualism

**While Millennials respond to this nod to realism and pragmatism too, the growth of Gen Z as a consumer cohort will ultimately push more brands to consider a realistic approach.**

Evidence is mounting that younger consumers gravitate toward brands that reflect reality more than an idealized version of it. Some brands are already experiencing massive success by pivoting to verisimilitude: [By vowing to stop retouching ads as a part of its 'Real You' campaign, underwear brand Aerie saw a surge in sales from an audience that appreciates realism, growing 20% in the 2015 fiscal year.](#) Bucking a current trend of downward retail sales, Aerie continues to grow, with an additional 32% lift in the first quarter of the 2016 fiscal year. We see this consumer behavior as a result of Gen Z's essential pragmatism: Overwhelmed by consumer choices, Gen Z craves brands that reflect their personal realities.



### Brands that behave more like people will prosper

Brands used to be able to control every point at which they came into contact with consumers: think in-store design and signage, traditional advertisements and carefully brokered public relations interviews. But the digital age has introduced more compelling avenues for brands to participate in media. With the democratization of content (like hashtags, which any social media user across Facebook, Twitter, and Instagram can contribute to), consumers are much more engaged and interested in brands that behave more like people than monoliths.

For example: AwesomenessTV, the Comcast-owned digital media company makes internet-only videos geared specifically to a Gen Z audience. What began as a YouTube channel has grown into a multi-platform behemoth, and has [garnered 17 billion lifetime views and more than 150 million subscribers across its platforms](#). Just one example of the YouTube powerhouse — In a 2014 study, [Variety found that for preteens and teens, YouTube stars are more influential than mainstream celebrities](#) —AwesomenessTV uses a first-person voice across its social media platforms, seeking to mimic a friend or personality on the internet.





Most recently, [co-founder and CEO Brian Robbins announced an intention to begin creating content that is more political](#), appealing to what he calls the “socially conscious” nature of Gen Z.

Next, we’ll explore the first step in creating a brand ecosystem, and examine the keys to their success.

## PROACTIVELY ASKING FOR FEEDBACK IS PAYING IN DIVIDENDS

**It’s no longer just a “plus” to monitor online conversations and proactively ask for consumer feedback — it’s required to stay competitive and increase market share.** The comments section, Amazon product reviews and Yelp and Google Plus commentary all used to be considered chatter: worth paying attention to but not significant in the larger business operations of a company. Not so anymore. Brands that actively solicit feedback from consumers or potential consumers earn trust just by demonstrating that commitment to listening to their audiences.

### EXAMPLE: STUYTOWN

There are kinds of information brands know they don’t know, but even more significant and impactful are the things brands don’t even know they don’t know, which is why it’s so critical to engage in regular consumer feedback.

StuyTown, a former Delucchi Plus client, is an 80-acre residential development located in Manhattan. In one of the most competitive real estate markets in the world, StuyTown — then known as Peter Cooper Village and Stuyvesant Town — wanted to increase qualified leads, keep current renters longer, and improve the community’s reputation in New York and beyond.

Our in-depth research leveraged insights from over 2,000 survey respondents, stakeholder interviews, online reviews, blog articles, and social media mentions to identify StuyTown’s audiences and their prevailing sentiments about the property. By examining and comparing different pieces of data using powerful information visualization tools, we were able to discover unique and surprising trends about the apartment community and its people.

We used this primary research to inform next steps for the brand, supporting our creative and marketing recommendations with a solid foundation of data. Our research led to a consolidated, refreshed “StuyTown” brand that embraced the property’s defacto and already widespread name recognition, and a marketing and content strategy that better leveraged positive sentiments unearthed in the data.



Today, [StuyvTown is hailed as an oasis near the East River.](#)

#### EXAMPLE: LEGO FRIENDS

In a multiyear and multimillion dollar focus group effort, Lego was finally able to increase market share for girls, which previously hovered at just 9% of the company's end consumers. [Lego embarked upon a four-year study](#), involving 3,500 girls and their mothers, in which researchers studied playing habits.



The study revealed that girls were interested in more detailing and interior building, brighter color palettes, more realistic figures, and more robust storylines to accompany the Lego sets. The final product of all that research and resources? A Lego Friend's line, which according to the company's published 2014 financial report, [saw 28% growth year-over-year.](#)



We have a suspicion about why this specific Lego line appealed to girls more than its predecessors. It ties back into the attitudes of the Gen Z cohort, who are more likely to interpret overt gender signifiers (blue for boys, pink for girls) as limiting — and at times, even condescending.

## ONLINE CONVERSATIONS ABOUT BRANDS ARE SHAPING THE BRANDS THEMSELVES, FROM THE BUSINESS MODEL TO NEW PRODUCTS

The egalitarian mission of Kickstarter, in which audiences validate a product before development even begins, ensures a loyal fan base and digital community before a product even launches. Since its 2009 founding, nearly 104,000 projects have successfully raised more than \$2.3 billion on Kickstarter from friends, family and fans who want to help get those ventures off the ground. Consumers love the process of being involved. After all — why wait for companies to create products for you, when you and your community can do it first?



One of the legendary success stories of Kickstarter is Oculus, a virtual reality company that makes VR headsets. The campaign went live in 2012, and quickly exceeded its goal of \$250,000, ultimately raising \$2.4 million. In March 2014, Facebook acquired Oculus for \$2 billion.

Oculus is just one of hundreds of examples that simply wouldn't exist without these digital forums for consumer engagement. In a way, Kickstarter (and the broader crowd funding trend) is sidestepping traditional go-to market strategies for brands, getting product research, market research, and brand & community building done all in one fell swoop *driven* by its end user. Through platforms like these and other emerging technologies, consumers are investing — financially and personally — in brands at the ground level.

**Pushing the influencer trend one step further, brands are turning to influencers and audiences to help shape products themselves, which is**

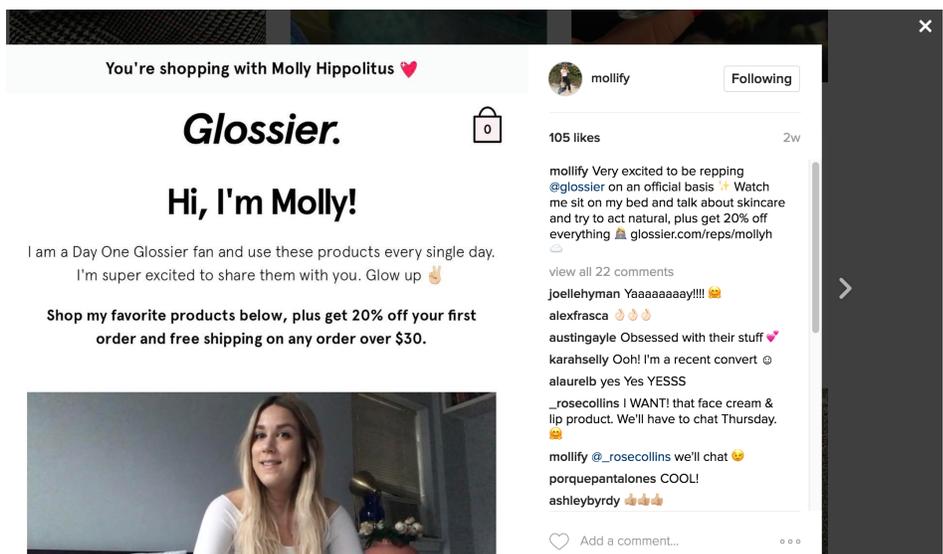


**proving to be one of the most effective ways to garner brand affinity.**

Consumers want products, but they want products that are made to fit their needs by people who truly understand them.

By harnessing the power of a robust online comments section, beauty blog *Into the Gloss* converted loyal readers into brand advocates by taking consumer feedback about existing products to create new products through its skin care line Glossier.

The blog was launched in 2010 by former *Vogue* staffer Emily Weiss, whose content focused on candid, beauty-centric interviews with and photos of women ranging from well-known celebrities to niche bloggers. Four years later, after an extended digital conversation about which beauty products readers loved most and why, Weiss took the leap from editorial to e-commerce. The blog's success led to the creation of Glossier — a brand born from and designed for the concerns of real women — that has raised more than \$10M in funding.



The big takeaway? There's a huge appetite for consumer participation in the design of product, and involving consumers in the development of brand identity can go a long way to earn brand affinity.

## **INFLUENCER RELATIONSHIPS AND USER-GENERATED CONTENT ARE INTEGRAL IN CREATING A LIFESTYLE**

Consumers increasingly crave brands that act more as influencers: curating content, products, and images that complement the brand and its product. This is already happening on a platform-specific level: No content strategist in their right mind posts 100% promotional, product-focused content on behalf of their brand or client. We humans are typically more interested in the end result of a brand — the lifestyle — than the product that got us there.



We've discussed at length the benefits of influencer relationships and user-generated content, but will provide a quick refresher:

### The Paid Media Approach: Influencer Relationships

Contracting an influencer (a person with a significant social media following), whether for sponsored blog posts, social media posts, or even a FAM trip, provides a lot of value in both content generation and distribution. Want the full report on our recommendations for influencer marketing? [Check out our Influencer Trends Report.](#)

### The Shared Media Approach: User-Generated Content

A user-generated content campaign invites consumers to post about a brand or product in an engaging or incentivized fashion. A user-generated content campaign allows for a role reversal between the marketer and the consumer, in which the consumer becomes the brand ambassador and takes the helm in creating real content on behalf of a brand. By creating a catchy hashtag and offering a prize for the best entry, consumers are happy to create associated content, which brands can then leverage across platforms.

We've had considerable success with UGC campaigns at Delucchi Plus: Most notably, a campaign we ran for our client Mrs. Fields, Share Your Hero, [resulted in 20,000 entries and a total of 36 million social impressions.](#) Check out our [four tips for making the most of a user-generated content campaign.](#)



Leveraging influencer relationships and user-generated content are both tactics that allow brands to use their often-limited marketing resources more efficiently while also expanding a brand's identity into more of an ecosystem, or lifestyle.

One unique take: Sour Patch Kids, the candy brand, opened up two locations for free housing for musicians, in Austin, TX, Brooklyn, NY and Hollywood, CA.



These — branded “Patches” — [According to AdWeek](#), musicians are offered rent-free housing, and in return, Sour Patch Kids requires they create social posts using the hashtags #BrooklynPatch, #AustinPatch, or #HollywoodPatch whether for Twitter, Facebook, Instagram or Snapchat.



Sour candy and the burgeoning music scene might seem like quite a stretch. [Marketing director Farrah Bezner explains](#): “We needed to be in a place that was culturally relevant for teens, and we felt music was the territory that clearly would resonate, but we wanted to make sure we had a voice in music that would differentiate from a lot of other brands and music partnerships.”

## BRINGING IT ALL TOGETHER: THE BRAND ECOSYSTEM

Ultimately, consumers want brands to create experiences, products, and messaging that line up with how consumers view themselves. For a consumer, this consists of a dynamic brand ecosystem: a combination of brands from distinct industry verticals that, when viewed as a whole, illustrate the values that individual consumers associate with themselves. It’s in a brand’s best interest to make this process easy for consumers:

- Ask for feedback from your audiences
- Make space for your brand advocates to contribute to your brand to garner the highest engagement level
- Leverage influencer relationships and user-generated content to expand the definition of what your brand represents

When brands ask their consumers and potential consumers for direct feedback and insight, engage brand advocates in their business, and leverage the power of influencers and user-generated content, the result is a true brand ecosystem that resonates with its consumers.



Delucchi Plus is a content marketing firm driving engagement, sales, influence and loyalty in collaboration with [Streetsense](#). Combined, we are an informed strategy and design collective firmly focused on end-user experiences and delivering measurable, transformative results for our clients. With experience spanning research + analysis, branding + marketing strategy, architecture + interior design, brokerage + real estate, and creative + content development, we have an unparalleled depth of understanding, expertise, and engagement, enabling us to connect with customers and consumers at an entirely different level.

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